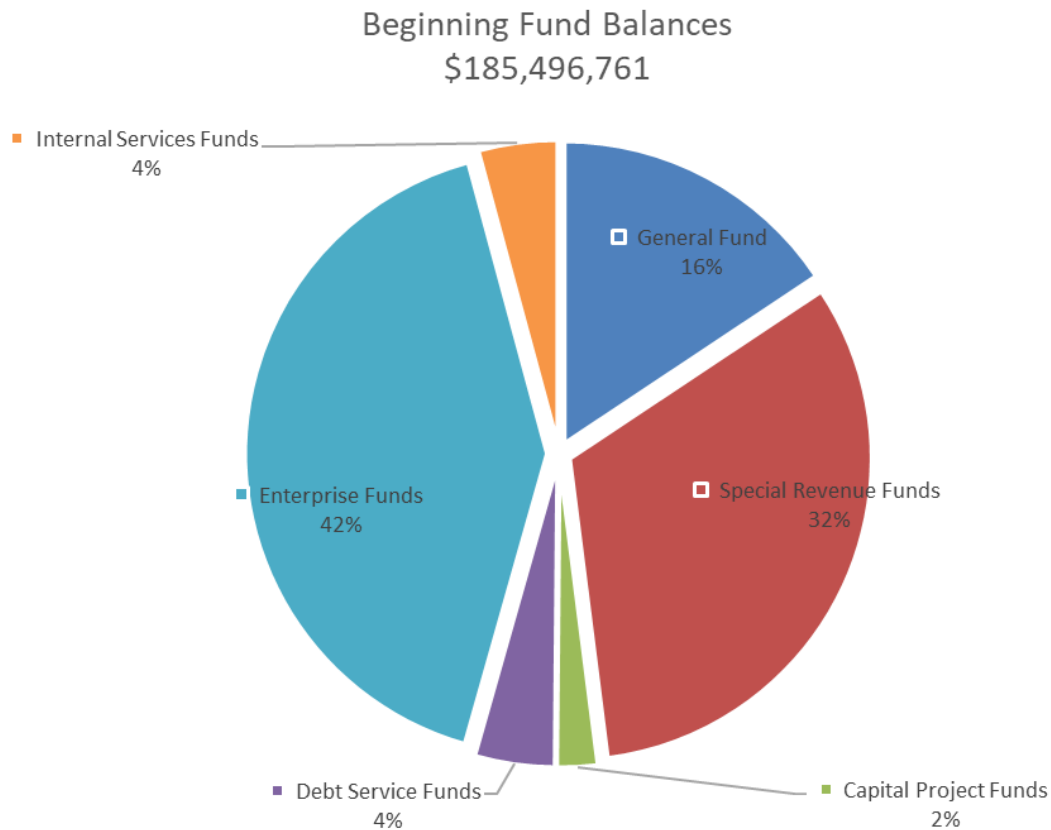

BEGINNING FUND BALANCES



For the 2021-2022 Fiscal Year, the total beginning fund balance of all city funds is projected to be \$185,496,761. The above chart breaks this total out into the following funds:

General Fund,
Enterprise Funds,
Capital Project Funds,
Special Revenue Funds,
Debt Funds, and
Internal Service Funds.

The General Fund beginning fund balance is projected to be \$29.0 million for fiscal year 2021-2022. A beginning fund balance is maintained to provide cash flow for specific operations until current year revenues are received. In the General Fund, enough beginning fund balance needs to be held in order to make payroll and pay bills until property tax collections arrive in November. The amount needed is roughly 25% of the operating budget. In addition, the fund balance provides funding stability to meet the city's needs projected in the Six Year Financial Forecast.

The largest portion of the beginning fund balances is made up of \$76.8 million in the Enterprise Funds. These funds are dedicated to the operation, maintenance, and capital investment of the city's sanitary sewer, storm water, and drinking water systems. The overall fund balance of the Enterprise Funds will decrease for next few years as the city works on the Aquifer Storage and Recovery Wells, Bull Mountain Road Water Pipeline Project and Cach Reservoir and Pump Station Design as well as the Kruger Creek & Red Rock Creek Stabilization projects. The fund balance will continue to decline as those projects near completion and payments are made.

BEGINNING FUND BALANCES

The Capital Project Funds have a budget FY 2021-2022 combined beginning fund balance of \$4.0 million for parks development, transportation, and facilities capital improvement projects. The purpose of the capital project funds is to provide a single fund in effort to better track the expenditures related to the projects. The Capital Funds receive transfers from various funds to cover the cost of projects, and, as such, the fund balance of these capital project funds should stay low.

Special Revenue Funds combine for a beginning fund balance of \$60.0 million in 2021-2022. Special Revenue Funds include the Gas Tax Funds, Transient Lodging Tax Fund, Parks Utility Fund, Urban Forestry Fund, Building Fund, Electrical Inspection Fund, and Criminal Forfeiture Fund. In FY 2020-2021, the city created the Police Levy Fund. We are projecting overall combined fund balance of the Special Revenue Funds to be steady. While expansions in Tigard, such as River Terrace, will continue to occur, the funds projected to be expended to build needed infrastructures for the next few years will be significantly similar to the funds developers will be contributing toward the Special Revenue Fund.

The city has two debt funds, General Obligation Debt Service Fund and the Bancroft Bond Debt Service Fund. With a combined beginning fund balance of \$7.9 million, these funds are specifically dedicated to the retirement of both General Obligation and Bancroft debt outstanding.

The city's Internal Service Funds provide services to other city departments on a reimbursable basis. They have a combined beginning fund balance of \$7.8 million for the FY 2021-2022. A significant portion of this fund balance is in the Insurance Fund. This fund provides coverage for losses unfunded by traditional insurance policies, management of insurance/claim activity, and reduction of significant liability exposures.

FUND BALANCE SUMMARY BY FUND

The schedule below outlines the budgeted reserves of the city anticipated at the end of FY 2020-2021, as well as information on the prior three years of history. General Fund Reserves shows a modest increase and overall reserves for the city are steady.

Funds	FY 2019 Actual	FY 2020 Actual	FY 2021 Revised	FY 2022 Proposed	FY 2022 Approved	FY 2022 Adopted	% Change from Revised
General Fund	23,347,314	27,101,374	25,486,587	28,069,445	28,069,445	28,037,055	10.01%
Total General Fund	\$23,347,314	\$27,101,374	\$25,486,587	\$28,069,445	\$28,069,445	\$28,037,055	10.01%
Sanitary Sewer Fund	6,295,016	7,524,669	5,742,556	6,877,490	6,864,490	6,804,490	18.49%
Stormwater Fund	7,783,542	8,083,534	5,595,480	5,739,177	5,626,177	5,566,177	-0.52%
Water Quality/Quantity Fund	1,288,839	1,321,763	1,033,439	765,913	765,913	765,913	-25.89%
Water Fund	35,251,281	41,086,413	28,289,772	32,446,757	31,095,757	31,095,757	9.92%
Water SDC Fund	12,903,512	15,756,218	10,784,514	7,813,132	7,788,132	7,788,132	-27.78%
Water CIP Fund	1,478,024	1,361,065	1,671,726	1,850,125	1,850,125	1,850,125	10.67%
Water Debt Service Fund	7,140,649	7,296,943	6,974,649	7,208,579	7,208,579	7,208,579	3.35%
Total Enterprise Funds	\$72,140,862	\$82,430,604	\$60,092,136	\$62,701,172	\$61,199,172	\$61,079,172	1.64%
Gas Tax Fund	4,149,375	4,884,815	3,105,693	4,560,533	4,560,533	4,560,533	46.84%
City Gas Tax Fund	2,178,405	2,674,996	2,324,546	1,814,908	1,814,908	1,814,908	-21.92%
Transient Lodging Tax Fund	519,802	825,169	806,525	841,353	841,353	841,353	4.32%
Construction Excise Tax Fund	0	114,948	74,000	223,427	223,427	223,427	201.93%
Electrical Inspection Fund	377,496	413,065	501,968	531,170	531,170	531,170	5.82%
Building Fund	8,490,519	9,659,116	11,909,584	12,512,918	12,512,918	12,512,918	5.07%
Criminal Forfeiture Fund	327,965	517,761	9,266	309,394	309,394	309,394	3239.02%
Urban Forestry Fund	1,037,487	1,095,751	837,040	883,316	883,316	883,316	5.53%
Parks Utility Fund	1,458,736	2,315,638	3,826,445	2,011,851	1,981,851	1,981,851	-48.21%
Police Levy Fund	0	0	44,371	262,545	262,545	257,495	480.32%
Transportation Development Tax	11,607,601	13,706,330	13,709,909	15,039,486	15,004,236	15,004,236	9.44%
Underground Utility Fund	449,550	555,529	693,520	786,269	786,269	786,269	13.37%
Street Maintenance Fund	2,287,746	2,523,429	2,257,779	2,848,397	2,848,397	2,848,397	26.16%
Transportation SDC Fund	7,588,683	9,072,056	5,595,031	2,720,214	1,919,964	1,919,964	-65.68%
Parks Bond Fund	807,401	827,185	236	2,315	2,315	2,315	880.93%
Parks SDC Fund	10,798,917	12,137,558	5,367,349	5,573,915	4,122,915	4,122,915	-23.19%
Library Donations and Bequests Fund	590,078	604,156	416,078	366,906	366,906	366,906	-11.82%
Total Special Revenue Funds	\$52,669,761	\$61,927,502	\$51,479,340	\$51,288,917	\$48,972,417	\$48,967,367	-4.88%
Central Services Fund	2,080,444	2,455,676	2,024,886	1,328,740	1,328,740	1,328,740	-34.38%
Public Works Admin Fund	452,522	515,591	339,585	372,972	372,972	372,972	9.83%
Public Works Engineering Fund	1,364,070	1,761,203	1,983,685	2,536,447	2,536,447	2,536,447	27.87%
Fleet/Property Management Fund	633,955	811,238	872,037	807,013	807,013	807,013	-7.46%
Insurance Fund	1,540,036	1,549,050	1,093,250	1,174,247	1,174,247	1,174,247	7.41%
Total Internal Services Funds	\$6,071,027	\$7,092,758	\$6,313,443	\$6,219,419	\$6,219,419	\$6,219,419	-1.49%
Bancroft Debt Service Fund	67,981	100,811	149,881	264,136	264,136	264,136	76.23%
General Obligation Debt Service Fund	1,510,970	7,719,550	1,715,736	8,086,348	8,086,348	8,033,948	368.25%
Total Debt Service Funds	\$1,578,951	\$7,820,362	\$1,865,617	\$8,350,484	\$8,350,484	\$8,298,084	344.79%
Facilities Capital Projects Fund	929,921	901,557	404,929	1,489,280	1,489,280	1,489,280	267.79%
Parks Capital Fund	356,492	-653,181	432,919	12,500	12,500	12,500	-97.11%
Transportation CIP Fund	833,989	1,538,879	923,402	1,722,526	1,722,526	1,722,526	86.54%
Total Capital Project Funds	\$2,120,402	\$1,787,256	\$1,761,250	\$3,224,306	\$3,224,306	\$3,224,306	83.07%
Total Revenue	\$157,928,318	\$188,159,856	\$146,998,373	\$159,853,742	\$156,035,242	\$155,825,402	6.00%

ENDING FUND RESERVES SUMMARY BY FUND

The schedule below outlines the budgeted reserves of the city anticipated at the end of FY 2020-2021, as well as information on the prior three years of history. General Fund Reserves shows a modest increase and overall reserves for the city are steady.

Funds	FY 2019 Actual	FY 2020 Actual	FY 2021 Revised	FY 2022 Proposed	FY 2022 Approved	FY 2022 Adopted	% Change from Revised
General Fund	23,347,314	27,101,374	25,486,587	28,069,445	28,069,445	28,037,055	10.01%
Total General Fund	\$23,347,314	\$27,101,374	\$25,486,587	\$28,069,445	\$28,069,445	\$28,037,055	10.01%
Sanitary Sewer Fund	6,295,016	7,524,669	5,742,556	6,877,490	6,864,490	6,804,490	18.49%
Stormwater Fund	7,783,542	8,083,534	5,595,480	5,739,177	5,626,177	5,566,177	-0.52%
Water Quality/Quantity Fund	1,288,839	1,321,763	1,033,439	765,913	765,913	765,913	-25.89%
Water Fund	35,251,281	41,086,413	28,289,772	32,446,757	31,095,757	31,095,757	9.92%
Water SDC Fund	12,903,512	15,756,218	10,784,514	7,813,132	7,788,132	7,788,132	-27.78%
Water CIP Fund	1,478,024	1,361,065	1,671,726	1,850,125	1,850,125	1,850,125	10.67%
Water Debt Service Fund	7,140,649	7,296,943	6,974,649	7,208,579	7,208,579	7,208,579	3.35%
Total Enterprise Funds	\$72,140,862	\$82,430,604	\$60,092,136	\$62,701,172	\$61,199,172	\$61,079,172	1.64%
Gas Tax Fund	4,149,375	4,884,815	3,105,693	4,560,533	4,560,533	4,560,533	46.84%
City Gas Tax Fund	2,178,405	2,674,996	2,324,546	1,814,908	1,814,908	1,814,908	-21.92%
Transient Lodging Tax Fund	519,802	825,169	806,525	841,353	841,353	841,353	4.32%
Construction Excise Tax Fund	0	114,948	74,000	223,427	223,427	223,427	201.93%
Electrical Inspection Fund	377,496	413,065	501,968	531,170	531,170	531,170	5.82%
Building Fund	8,490,519	9,659,116	11,909,584	12,512,918	12,512,918	12,512,918	5.07%
Criminal Forfeiture Fund	327,965	517,761	9,266	309,394	309,394	309,394	3239.02%
Urban Forestry Fund	1,037,487	1,095,751	837,040	883,316	883,316	883,316	5.53%
Parks Utility Fund	1,458,736	2,315,638	3,826,445	2,011,851	1,981,851	1,981,851	-48.21%
Police Levy Fund	0	0	44,371	262,545	262,545	257,495	480.32%
Transportation Development Tax	11,607,601	13,706,330	13,709,909	15,039,486	15,004,236	15,004,236	9.44%
Underground Utility Fund	449,550	555,529	693,520	786,269	786,269	786,269	13.37%
Street Maintenance Fund	2,287,746	2,523,429	2,257,779	2,848,397	2,848,397	2,848,397	26.16%
Transportation SDC Fund	7,588,683	9,072,056	5,595,031	2,720,214	1,919,964	1,919,964	-65.68%
Parks Bond Fund	807,401	827,185	236	2,315	2,315	2,315	880.93%
Parks SDC Fund	10,798,917	12,137,558	5,367,349	5,573,915	4,122,915	4,122,915	-23.19%
Library Donations and Bequests Fund	590,078	604,156	416,078	366,906	366,906	366,906	-11.82%
Total Special Revenue Funds	\$52,669,761	\$61,927,502	\$51,479,340	\$51,288,917	\$48,972,417	\$48,967,367	-4.88%
Central Services Fund	2,080,444	2,455,676	2,024,886	1,328,740	1,328,740	1,328,740	-34.38%
Public Works Admin Fund	452,522	515,591	339,585	372,972	372,972	372,972	9.83%
Public Works Engineering Fund	1,364,070	1,761,203	1,983,685	2,536,447	2,536,447	2,536,447	27.87%
Fleet/Property Management Fund	633,955	811,238	872,037	807,013	807,013	807,013	-7.46%
Insurance Fund	1,540,036	1,549,050	1,093,250	1,174,247	1,174,247	1,174,247	7.41%
Total Internal Services Funds	\$6,071,027	\$7,092,758	\$6,313,443	\$6,219,419	\$6,219,419	\$6,219,419	-1.49%

ENDING FUND RESERVES SUMMARY BY FUND

Funds	FY 2019 Actual	FY 2020 Actual	FY 2021 Revised	FY 2022 Proposed	FY 2022 Approved	FY 2022 Adopted	% Change from Revised
Bancroft Debt Service Fund	67,981	100,811	149,881	264,136	264,136	264,136	76.23%
General Obligation Debt Service Fund	1,510,970	7,719,550	1,715,736	8,086,348	8,086,348	8,033,948	368.25%
Total Debt Service Funds	\$1,578,951	\$7,820,362	\$1,865,617	\$8,350,484	\$8,350,484	\$8,298,084	344.79%
Facilities Capital Projects Fund	929,921	901,557	404,929	1,489,280	1,489,280	1,489,280	267.79%
Parks Capital Fund	356,492	-653,181	432,919	12,500	12,500	12,500	-97.11%
Transportation CIP Fund	833,989	1,538,879	923,402	1,722,526	1,722,526	1,722,526	86.54%
Total Capital Project Funds	\$2,120,402	\$1,787,256	\$1,761,250	\$3,224,306	\$3,224,306	\$3,224,306	83.07%
Total Revenue	\$157,928,318	\$188,159,856	\$146,998,373	\$159,853,742	\$156,035,242	\$155,825,402	6.00%

SUMMARY OF ALL FUNDS

	General Fund	Gas Tax Fund	City Gas Tax Fund	Transient Lodging Tax Fund	Electrical Inspection Fund	Building Fund
RESOURCES						
Beginning Fund Balance	29,041,365	5,649,379	3,022,220	714,638	473,312	11,404,350
Taxes	18,452,556	0	0	0	0	0
Franchise fees	6,701,356	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	1,132,119	65,965	0	0	305,825	3,533,704
Intergovernmental	7,316,572	4,613,760	806,000	370,978	0	8,281
Charges for Services	242,743	0	0	0	0	7,000
Fines & Forfeitures	2,128,301	0	0	0	0	0
Interest Earnings	300,675	61,800	29,025	3,600	6,300	112,875
Miscellaneous	356,432	62,818	0	0	0	500
Other Financing Sources	0	0	0	0	0	0
Total Revenues	36,630,754	4,804,343	835,025	374,578	312,125	3,662,360
Transfers In	244,000	283,500	0	0	0	250,000
TOTAL RESOURCES	65,916,119	10,737,222	3,857,245	1,089,216	785,437	15,316,710
REQUIREMENTS						
Program Expenditures	33,504,350	3,509,585	0	0	0	2,653,792
Debt Service	0	0	0	0	0	0
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	1,000	0	0	0	0	0
Capital Improvement	0	0	0	0	0	0
Transfers Out	2,773,714	2,467,104	2,042,337	247,863	254,267	0
Contingency	1,600,000	200,000	0	0	0	150,000
Total Budget	37,879,064	6,176,689	2,042,337	247,863	254,267	2,803,792
Reserve for Future Exp	28,037,055	4,560,533	1,814,908	841,353	531,170	12,512,918
TOTAL REQUIREMENTS	65,916,119	10,737,222	3,857,245	1,089,216	785,437	15,316,710

SUMMARY OF ALL FUNDS

	Criminal Forfeiture Fund	Urban Forestry Fund	Parks Utility Fund	Bancroft Debt Service Fund	General Obligation Debt Service	Facilities Capital Projects Fund
RESOURCES						
Beginning Fund Balance	570,840	994,004	2,079,743	182,711	7,724,691	1,375,150
Taxes	0	0	0	0	2,749,907	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	50,000	0	0
Licenses and Permits	0	0	2,406,398	0	0	0
Intergovernmental	0	0	0	0	0	0
Charges for Services	0	0	90,750	0	0	0
Fines & Forfeitures	101,289	0	0	0	0	0
Interest Earnings	0	26,400	2,475	31,425	27,750	14,175
Miscellaneous	0	15,000	0	0	0	0
Other Financing Sources	0	0	0	0	0	25,298,270
Total Revenues	101,289	41,400	2,499,623	81,425	2,777,657	25,312,445
Transfers In	0	0	2,437,500	0	0	7,450,000
TOTAL RESOURCES	672,129	1,035,404	7,016,866	264,136	10,502,348	34,137,595
REQUIREMENTS						
Program Expenditures	362,719	0	4,604,613	0	0	0
Debt Service	0	0	0	0	2,468,400	0
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	0	0	0	0	0	0
Capital Improvement	0	0	0	0	0	32,648,270
Transfers Out	16	152,088	105,402	0	0	45
Contingency	0	0	325,000	0	0	0
Total Budget	362,735	152,088	5,035,015	0	2,468,400	32,648,315
Reserve for Future Exp	309,394	883,316	1,981,851	264,136	8,033,948	1,489,280
TOTAL REQUIREMENTS	672,129	1,035,404	7,016,866	264,136	10,502,348	34,137,595

SUMMARY OF ALL FUNDS

	Transportation Development Tax	Underground Utility Fund	Street Maintenance Fund	Transportation SDC Fund	Parks Capital Fund	Parks Bond Fund
RESOURCES						
Beginning Fund Balance	14,939,678	676,999	2,886,199	6,489,549	650,000	836,500
Taxes	0	0	0	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	2,047,119	124,000	3,233,984	701,855	0	0
Intergovernmental	0	0	0	0	151,945	0
Charges for Services	0	0	0	0	0	0
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	190,425	6,375	22,575	108,000	0	0
Miscellaneous	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Total Revenues	2,237,544	130,375	3,256,559	809,855	151,945	0
Transfers In	0	0	0	104,700	8,977,500	0
TOTAL RESOURCES	17,177,222	807,374	6,142,758	7,404,104	9,779,445	836,500
REQUIREMENTS						
Program Expenditures	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	0	0	0	0	0	0
Capital Improvement	0	0	2,840,000	0	9,766,945	0
Transfers Out	2,172,986	21,105	454,361	5,484,140	0	834,185
Contingency	0	0	0	0	0	0
Total Budget	2,172,986	21,105	3,294,361	5,484,140	9,766,945	834,185
Reserve for Future Exp	15,004,236	786,269	2,848,397	1,919,964	12,500	2,315
TOTAL REQUIREMENTS	17,177,222	807,374	6,142,758	7,404,104	9,779,445	836,500

SUMMARY OF ALL FUNDS

	Parks SDC Fund	Transportation CIP Fund	Sanitary Sewer Fund	Stormwater Fund	Water Quality/Quantity Fund	Water Fund
RESOURCES						
Beginning Fund Balance	7,798,824	1,947,526	7,592,586	7,636,541	1,084,563	37,914,231
Taxes	0	0	0	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	1,495,466	0	92,200	0	2,000	0
Intergovernmental	0	1,864,279	0	0	0	0
Charges for Services	0	0	3,412,921	5,653,512	0	26,197,790
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	158,325	0	82,725	104,925	19,350	375,525
Miscellaneous	0	0	42,100	5,000	0	50,000
Other Financing Sources	0	0	0	0	0	0
Total Revenues	1,653,791	1,864,279	3,629,946	5,763,437	21,350	26,623,315
Transfers In	180,000	11,180,221	0	1,395,000	0	25,000
TOTAL RESOURCES	9,632,615	14,992,026	11,222,532	14,794,978	1,105,913	64,562,546
REQUIREMENTS						
Program Expenditures	0	0	2,654,197	3,828,774	0	10,646,000
Debt Service	0	0	0	0	0	0
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	0	0	0	0	0	0
Capital Improvement	0	13,269,500	100,000	4,777,500	0	25,000
Transfers Out	5,509,700	0	1,463,846	347,528	340,000	22,320,789
Contingency	0	0	200,000	275,000	0	475,000
Total Budget	5,509,700	13,269,500	4,418,043	9,228,802	340,000	33,466,789
Reserve for Future Exp	4,122,915	1,722,526	6,804,490	5,566,177	765,913	31,095,757
TOTAL REQUIREMENTS	9,632,615	14,992,026	11,222,532	14,794,978	1,105,913	64,562,546

SUMMARY OF ALL FUNDS

	Water SDC Fund	Water CIP Fund	Water Debt Service Fund	Central Services Fund	Public Works Admin Fund	Public Works Engineering Fund
RESOURCES						
Beginning Fund Balance	13,494,585	1,850,125	7,199,943	2,821,865	492,603	2,155,989
Taxes	0	0	0	0	0	0
Franchise fees	0	0	0	0	0	0
Special Assessments	0	0	0	0	0	0
Licenses and Permits	1,870,435	0	0	0	0	870,000
Intergovernmental	0	0	0	0	0	153,369
Charges for Services	0	0	0	12,428,617	2,511,309	3,420,918
Fines & Forfeitures	0	0	0	0	0	0
Interest Earnings	193,650	0	0	0	0	0
Miscellaneous	0	0	0	90,000	0	5,094
Other Financing Sources	0	0	0	0	0	0
Total Revenues	2,064,085	0	0	12,518,617	2,511,309	4,449,381
Transfers In	0	15,090,000	7,213,000	1,025,710	32,446	667,710
TOTAL RESOURCES	15,558,670	16,940,125	14,412,943	16,366,192	3,036,358	7,273,080
REQUIREMENTS						
Program Expenditures	0	0	0	14,537,452	2,533,386	4,586,633
Debt Service	0	0	7,204,364	0	0	0
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	0	0	0	0	0	0
Capital Improvement	0	15,090,000	0	0	0	0
Transfers Out	7,770,538	0	0	0	5,000	0
Contingency	0	0	0	500,000	125,000	150,000
Total Budget	7,770,538	15,090,000	7,204,364	15,037,452	2,663,386	4,736,633
Reserve for Future Exp	7,788,132	1,850,125	7,208,579	1,328,740	372,972	2,536,447
TOTAL REQUIREMENTS	15,558,670	16,940,125	14,412,943	16,366,192	3,036,358	7,273,080

SUMMARY OF ALL FUNDS

	Fleet/Property Management Fund	Insurance Fund	Library Donations and Bequests Fund	Construction Excise Tax Fund	Police Levy Fund	Total All Funds
RESOURCES						
Beginning Fund Balance	965,011	1,384,933	457,156	666,000	322,952	185,496,761
Taxes	0	0	0	0	2,063,142	23,265,605
Franchise fees	0	0	0	0	0	6,701,356
Special Assessments	0	0	0	0	0	50,000
Licenses and Permits	0	0	0	0	0	17,881,070
Intergovernmental	0	0	0	450,000	0	15,735,184
Charges for Services	2,753,660	0	0	0	0	56,719,220
Fines & Forfeitures	0	0	0	0	0	2,229,590
Interest Earnings	0	19,875	9,750	3,000	0	1,911,000
Miscellaneous	5,000	39,000	0	0	0	670,944
Other Financing Sources	0	0	0	0	0	25,298,270
Total Revenues	2,758,660	58,875	9,750	453,000	2,063,142	150,462,239
Transfers In	0	0	0	0	0	56,556,287
TOTAL RESOURCES	3,723,671	1,443,808	466,906	1,119,000	2,386,094	392,515,287
REQUIREMENTS						
Program Expenditures	2,790,658	244,561	0	559,800	2,128,599	89,145,119
Debt Service	0	0	0	0	0	9,672,764
Loan to CCDA	0	0	0	0	0	0
Loan to TCDA	0	0	0	0	0	1,000
Capital Improvement	0	0	0	0	0	78,517,215
Transfers Out	1,000	0	100,000	285,773	0	55,153,787
Contingency	125,000	25,000	0	50,000	0	4,200,000
Total Budget	2,916,658	269,561	100,000	895,573	2,128,599	236,689,885
Reserve for Future Exp	807,013	1,174,247	366,906	223,427	257,495	155,825,402
TOTAL REQUIREMENTS	3,723,671	1,443,808	466,906	1,119,000	2,386,094	392,515,287

SUMMARY OF CONTINGENCY

The FY 2021-22 budget includes contingency appropriations for most operating funds. Contingencies are built into the budget to ensure that funds are available for unforeseen events and to build a cushion into revenue estimates.

Contingencies may not be spent directly; if needed, they must be transferred to a program expenditure by resolution of the City Council. If not transferred to a program expenditure during the fiscal year, the contingency amount becomes part of the ending fund balance.

Fund	FY 2022 Fund Budget	FY 2022 Fund Contingency	Contingency as % of Budget
100-General Fund	\$ 36,279,064	\$ 1,600,000	4.4%
200-Gas Tax Fund	\$ 5,976,689	\$ 200,000	3.3%
205-City Gas Tax Fund	\$ 2,042,337	\$ -	0.0%
210-Transient Lodging Tax	\$ 247,863	\$ -	0.0%
212-Construction Excise Tax	\$ 845,573	\$ 50,000	5.9%
220-Electrical Inspection Fund	\$ 254,267	\$ -	0.0%
230-Building Fund	\$ 2,653,792	\$ 150,000	5.7%
240-Criminal Forfeiture Fund	\$ 362,735	\$ -	0.0%
260-Urban Forestry Fund	\$ 152,088	\$ -	0.0%
270-Parks Utility Fund	\$ 4,710,015	\$ 325,000	6.9%
280-Police Levy Fund	\$ 2,128,599	\$ -	0.0%
300-Bancroft Debt Service Fund	\$ -	\$ -	0.0%
350-General Obligation Debt Service Fund	\$ 2,468,400	\$ -	0.0%
400-Facilities Capital Fund	\$ 32,648,315	\$ -	0.0%
405-Transportation Development Tax	\$ 2,172,986	\$ -	0.0%
411-Underground Utility Fund	\$ 21,105	\$ -	0.0%
412-Street Maintenance Fund	\$ 3,294,361	\$ -	0.0%
415-Transportation SDC	\$ 5,484,140	\$ -	0.0%
420-Parks Capital Fund	\$ 9,766,945	\$ -	0.0%
421-Parks Bond Fund	\$ 834,185	\$ -	0.0%
425-Parks SDC Fund	\$ 5,509,700	\$ -	0.0%
460-Transportation CIP	\$ 13,269,500	\$ -	0.0%
500-Sanitary Sewer Fund	\$ 4,218,043	\$ 200,000	4.7%
510-Stormwater Fund	\$ 8,953,802	\$ 275,000	3.1%
511-Water Quality/Quantity Fund	\$ 340,000	\$ -	0.0%
530-Water Fund	\$ 32,991,789	\$ 475,000	1.4%
531-Water SDC Fund	\$ 7,770,538	\$ -	0.0%
532-Water CIP Fund	\$ 15,090,000	\$ -	0.0%
533-Water Debt Service Fund	\$ 7,204,364	\$ -	0.0%
600-Central Services Fund	\$ 14,537,452	\$ 500,000	3.4%
630-Public Works Admin Fund	\$ 2,538,386	\$ 125,000	4.9%
640-Public Works Engineering Fund	\$ 4,586,633	\$ 150,000	3.3%
650-Fleet/Property Management Fund	\$ 2,791,658	\$ 125,000	4.5%
660-Insurance Fund	\$ 244,561	\$ 25,000	10.2%
980-Library Donation & Bequests	\$ 100,000	\$ -	0.0%
Total	\$ 232,489,885	\$ 4,200,000	1.8%

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Introduction

The City of Tigard has developed a comprehensive long-term financial forecast every year since the 1980's. This forecast allows the city to project expected revenues and expenditures for each of its funds to help anticipate financial requirements. This tool continues to be central to Tigard's financial management strategy. By forecasting and anticipating financial trends, Tigard can develop strategies to respond to emerging issues.

The city forecasts operating and capital fund revenues and expenditures over a six-year period. The forecast is adjusted as each year's results are known and as new years are budgeted. There are some key assumptions in the design of Tigard's standard forecasts:

- 1) Unless specifically stated, the forecasts only assume known decisions and do not presume future decisions of the Budget Committee and Council. This means that the operating budgets only include those staff and related materials and services that are adopted in this document.
- 2) Revenues are forecast based on best information available for future annual rate of change and assumed growth with development and population growth.
- 3) Budgeted expenditures and forecasted expenditures are different. Budgeted expenditures represent the maximum expense allowed by council. Actual expenses are always less than budget because the budget cannot be legally exceeded. The forecast is based on an estimate of actual expenditures. Recent history shows that the city spends approximately 93.5 percent of its overall operating budget (e.g. payroll, supplies, services, and equipment). Prior to this year, Tigard used 95.0 percent of budget for the forecast. More recent history has been consistently lower, and the decision was made to change this assumption. This now is the basis for forecasting operating expenditures.

The intent of the forecast is to show the relative size and impact of current decisions and what decisions will be required in the future. It is not uncommon for a forecast to show a declining fund balance. That does not mean that the fund balance will be where we have forecasted it to be in six years; it means that the city will need to take actions of a proportionate size to ensure that the fund balance stays above minimum requirements.

There are some significant financial issues facing the city over the next six years. One key issue is the inability to grow our day-to-day services to meet the growth of the city due to constraints on how our revenues grow. A second key issue relates to the city's capital improvement needs. The city has identified capital project needs but does not have the resources to implement all of them. The following charts include only projects that have a funding source. The reason for this is because almost all the funds would show large negative fund balances if all needed projects were included, which is not realistic or practical. The city will continue to prioritize the needed services and capital projects, seek alternative revenue sources, and develop financing strategies to provide the best possible services and construct as many of the needed capital projects as the city can afford.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Key Issues Impacting the Forecasts for Adopted FY 2022 Budget

COVID-19

Since March 2020, the COVID 19 pandemic has caused financial difficulties for the Tigard community and continues to impact the local, regional, state, and national economy. While preparing the FY 2022 budget, key financial staff from across the city gathered to discuss the impact of COVID on our revenue forecast, including Police, Public Works, Community Development, City Management, and Finance. Together we have gathered the data available and have made forecast of the financial impact of the COVID Pandemic on City of Tigard finances.

While several individual revenues have been impacted by restrictions that COVID has caused, the City of Tigard is fortunate that the primary revenue streams for the organization have not been heavily impacted by the pandemic and resulting impacts on the economy. Tigard is not dependent on revenue streams like income tax, gross receipts (sales tax), or event revenues. Organizations like the City of Portland and Metro have understandably made budget corrections due to their dependence on these types of revenue streams for certain services. The primary General Fund revenue, property tax, is expected to be largely unaffected. Real market property values would need to drop by about 1/3rd to impact the anticipated 3% growth in assessed value. Construction, which adds to the 3% AV growth, remains an essential service through this pandemic. Further, Tigard spent fiscal years FY19 and FY20 implementing service level reductions already, bolstering Tigard's financial ability to be patient and use reserves, if needed.

The key areas that have been impacted that the city will continue to monitor include:

- Transient Lodging Tax (TLT) revenues in Tigard are down and are expected to continue to be below pre-pandemic levels for the next couple years. TLT shows up in two areas. First, Tigard's share of county-wide TLT revenues represent approximately 1.5 percent of the total General Fund revenues. This revenue source has not been dedicated to any particular service and the reduction is not enough to cause service cut at this time. Second, Tigard has its own 2.5 percent TLT within its own fund. This is a relatively new fund for the city and the revenues have not been fully committed. Tigard can afford to wait for tourism to rebound to help fund the tourism related projects these revenues support.
- Gas Tax revenues are expected to plateau at 90 percent of pre-pandemic levels, in part as the economy transitions into a higher percentage of remote work employees. This is limiting the ability of the use of state and city gas tax revenues for use in capital project budgeting.
- Traffic Fines. This is a key General Fund revenue that was expected to increase with the implementation of the photo enforcement traffic safety program. However, the program has been hampered by limited ability to adjudicate infractions and the expected revenues have not materialized. When the program is fully operational, the revenues are expected to pay for the cost of the program plus provide revenue that will help pay for a portion of future police facilities.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Long Term General Fund

This is once again an emerging issue. In FY 19 and FY 20, Tigard made service level reductions to establish the service level reserve. This is discussed in more detail in the General Fund section of the forecast. The creation of the Service Level Reserve is meant to be a mid-term solution to a long-term problem. The long-term problem is that revenues do not grow fast enough to pay for inflation on existing costs let alone, inflation plus needed increases to those services to keep up with population growth.

The Service Level Reserve will allow Tigard to add limited services to keep up with population growth for a couple more years. In FY 24, Tigard's General Fund expenses are forecasted to exceed revenues and the Service Level Reserve will be depleted after FY 27. In the interim, Tigard needs to seek a long-term solution to fund services for the community through the end of the decade and beyond. Without one, Tigard will return to a cycle of slowly degrading service levels and budget cuts. Tigard's leadership will start working on options to present to the Budget Committee during the next two years. This will provide the opportunity to be proactive in maintaining both fiscal and service level health.

City Facilities

Over the last couple of years, Tigard has taken a hard look at our aging facilities. From a financial standpoint, the facilities that the city occupies were paid for long ago. Tigard's operations pay for the maintenance of existing space; however, with a couple of exceptions where we have had to lease space, Tigard's operations have not had to pay for the cost of the space in the equivalent of rent or a mortgage.

While the plan is not fully complete, Tigard will need to invest in more, and better, seismically resilient space for housing its community services, equipment, and materials soon. Accordingly, this forecast is including the estimated cost of that space starting in FY 2023. Currently, that is showing up as a share of debt service payments for new/improved buildings across many of our funds that house the operations of the city. In some funds, this forecasted cost has minimal near-term impact in the six-year forecast. There are three funds where decisions to address city facilities have notable impact on the forecast. These funds are:

- General Fund: As mentioned previously, the revenues in excess of program expenditures in the photo enforcement traffic safety program are being dedicated to pay for a portion of future police department space needs. If that revenue does not materialize, or is significantly lower, then Tigard will need to look to use other General Fund revenues to make up the difference, putting service levels at risk.
- Parks Utility Fund: Tigard's Parks Maintenance and Recreation divisions are in the Parks Utility Fund. This fund has two primary funding sources that each pay for about half of the cost of service. This fund receives a transfer from the General Fund of \$2.4 million and revenues from the Park and Recreation Fee (PARF) that is on the city's utility bill generates \$2.4 million. Other utility rates (water, sewer, stormwater) are built to pay for the entirety of operations, maintenance, and capital. This means that the rates paid for other utilities likely will not need to be adjusted in the near term to pay for new facilities. The existing PARF is sufficient to only pay for half of operations and maintenance, meaning the PARF will need to increase to pay its share of new facilities. The forecast adds this cost and assumes that the decision to pay for facilities includes the decision to increase the PARF to pay for park's share. In addition to the prior demands being placed on PARF, Tigard will adopt a new Parks Master Plan. The plan includes priorities for the operations of the parks system, recreation opportunities, and organization changes. All of these priorities will require additional resources and put more pressure on the PARF.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

- **Gas Tax Fund:** The Gas Tax Fund receives the city's share of state gas tax revenues. As previously mentioned, this revenue is expected to plateau at about 90 percent of pre-pandemic forecast amounts. In addition, there is revenues from a county gas tax and registration fee revenues. These revenues pay for the Street Maintenance Division which maintains the city's streets and assets in the right of way, and the Street Lights and Signals Division which pays for the electrical bill and maintenance of the city's street lights and intersection signals. Combined, these services use about 75 percent of the fund's revenues. The remaining 25 percent have been used to help pay for transportation projects in the city's Capital Improvement Plan (CIP). Most of the other transportation related funds of the city are limited, or dedicated, to specific transportation needs. The Gas Tax Fund can be used for any transportation need within the city's right of way and has acted as a backstop to help fund complete transportation projects. The Gas Tax's expected share of city facility costs is expected to use the remaining 25 percent, effectively taking Gas Tax Fund out of the CIP.

The following pages will provide an overview of the key funds of the city. The General Fund will provide more detail, as it is the most scrutinized fund in the city. For other funds, they are grouped by service area and are presented with graphs that show the ending fund balance in each fund. Generally speaking, funds that house operations will ideally show steady fund balances. Funds that are primarily capital, or have a combination of operations and capital, will have varying fund balances due to the variable nature of capital expenditures. As mentioned in the Introduction, the forecasted decline in fund balance does not mean that the fund will end up there in a few years, what it enumerates is the size of the issues that the Budget Committee, Council, and the city team will need to address in the coming years.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

General Fund Recent History

The General Fund is unique in that, unlike the city's other funds, it is unrestricted in nature and can therefore be used for any valid purpose to provide government services. Because these funds are unrestricted there are also great demands for these resources to fund projects and programs for which other restricted monies are insufficient or unavailable. It is therefore critical that these funds be used judiciously and a targeted reserve balance be maintained for unforeseen expenditures.

The General Fund needs a minimum of 25 percent of the annual budget in beginning fund balance in a cash requirement reserve. Nearly half of the general fund's revenue comes from property tax which is mostly received in late November and December. From the beginning of the fiscal year in July until the property tax collection in late November, the general fund expends more than it receives. The fund balance is used in order to make payroll and other regular expenses. This reserve is more a matter of timing. If the fiscal year began in December when the property tax was being received, there would be no need for this reserve.

The General Fund has two portions of its reserve designated. The first is the Emergency Reserve that the Budget Committee historically set at \$1.0 million when it was established with the FY 2018 budget. The purpose of the Emergency Reserve is to have funds set aside in the event of a recession or other unforeseen event that negatively impacts revenues. During FY 2020, the city experienced one such unforeseen event in the form of the COVID 19 pandemic. The city used \$200,000 of this reserve, leaving \$800,000 in the reserve at the beginning of FY 2021. The second reserve designation was created with the FY 2019 budget, the Service Level Reserve. The FY 2020 budget implemented the second of two years of budget cuts and changes made with the goal of resetting service delivery to a new level that can be maintained over the next decade. The cuts and changes result in expenditures being lower than revenues through FY 2023. These savings are placed in the Service Level Reserve. Starting FY 2024, when expenses exceed revenues, the Service Level Reserve will fund the gap between expenses and revenues and allow the city to maintain service levels for our growing city.

The graph on the following page shows the fund balance of the General Fund broken into its components. The dashed blue line at the bottom is the required cash reserve and this needs to meet or exceed the 25 percent requirement. The thin green bar is the Emergency Reserve. The light blue bar is the Service Level Reserve. Finally, the dark blue bar represents remaining reserve that is not designated for any specific purpose. While the undesignated reserve does not fill a specific purpose, it is important that this reserve exceed zero. A positive Undesignated Reserve only exists when the requirements for the various designated reserves are met and the total General Fund reserve exceeds the policy requirements. This is a sign of a healthy reserve.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

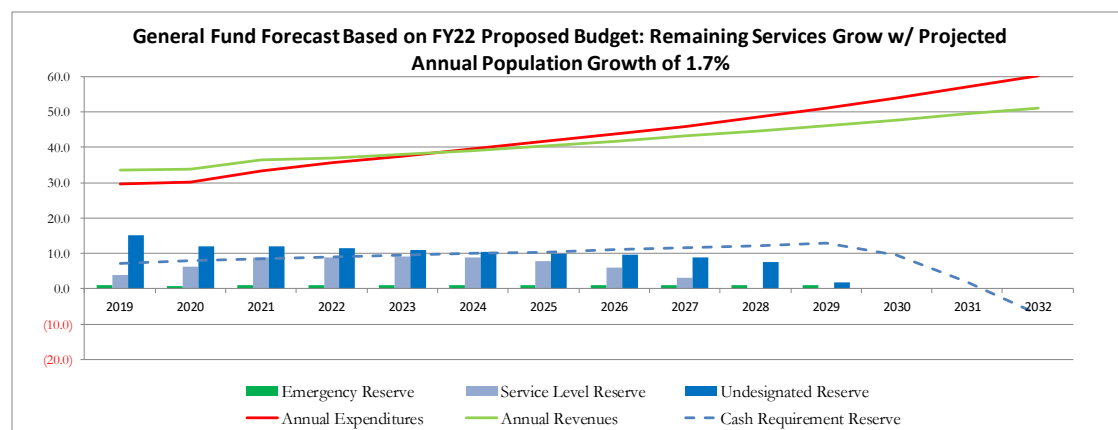
By performing the forecast, Tigard has been able to navigate through some important decisions. Some of the key financial decisions that Tigard has implemented include:

- Toward the end of Fiscal Year 2010, the city implemented significant cuts in services, reducing the General Fund budget by \$2.6 million and 17.20 FTE citywide.
- Entering FY 2013, it was apparent that the recession would not have a robust recovery and revenue growth would remain muted. The adopted budget for FY 2013 instituted the second round of financial and service level cuts including:
 - a. Significant reductions of \$1.9 million in General Fund and central service funds and 18.0 FTE citywide.
 - b. One of the key components to making the forecast sustainable is changing the growth in medical / dental benefits for the non-represented employees paid by the city from ten to five percent annually. Non-represented employees picked up the difference by contributing more toward these benefits.
 - c. The Electrical Franchise Fee is increased from 3.5% to 5.0%. In addition, the Budget Committee recommended increasing the Solid Waste Franchise Fee to 5%.
- During FY 2014, the city and the SEIU Union agreed to a medical/dental benefit cost sharing structure similar to the one implemented with non-represented employees the year before.
- In FY 2016, Tigard implemented the Park and Recreation Fee (PARF). The PARF funds a portion of existing parks maintenance and recreation. This service had been funded entirely by General Fund. With the implementation of the PARF, \$1.0 million of General Fund became available for reallocation. This, along with approval of a countywide library operating levy, allowed the city to reopen the Library on Thursdays and left \$900K that was reallocated in the FY 2017 & FY 2018 budget processes.
- During the FY 2017 process, the Budget Committee chose to invest the \$900K of available appropriations from the PARF in a combination of Police staff and some one-time maintenance expenditures.
- The FY2018 budget included investments that maintain existing services and advanced a proposed local option levy that was scheduled for May 2018.
- In response to the failed local option levy, the FY2019 budget had significant service reductions with the loss of 13.4 FTE and budget cuts of over \$2.5 million.
- As part of the FY2019 reductions, Public Works Administration and Engineering divisions were financially restructured and placed in their own central service funds. With the removal of these divisions, some of the existing General Fund revenues also went to the new funds. This is seen in the declining revenue from FY2018 to FY2019 in the following table and graph. This financial restructuring resulted in an overall net savings to the General Fund.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

General Fund based on FY 2022 Adopted Budget (\$Millions)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Annual Expenditures	29.6	30.2	33.2	35.6	37.5	39.5	41.5	43.6	45.9	48.4	51.1	54.0	57.0	60.2
Annual Revenues	33.5	33.9	36.4	36.9	37.9	39.1	40.4	41.7	43.1	44.6	46.1	47.7	49.4	51.1
Undesignated Reserve	15.1	12.1	12.0	11.5	11.0	10.5	10.0	9.5	8.8	7.5	1.8	0.0	0.0	0.0
Service Level Reserve	4.0	6.3	8.8	8.9	9.2	8.9	7.8	5.9	3.1	0.0	0.0	0.0	0.0	0.0
Emergency Reserve	1.0	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Cash Requirement Reserve	7.2	8.0	8.5	9.0	9.4	9.9	10.4	11.0	11.6	12.2	12.9	9.4	1.8	(7.3)
Total Ending Fund Balance	23.4	27.1	30.2	30.3	30.7	30.3	29.2	27.3	24.5	20.7	15.7	9.4	1.8	(7.3)



This forecast deviates from Tigard's standard forecast. As stated in the Introduction, standard forecasts do not presume future decisions of council. Since the FY 2022 Adopted Budget is centered around creating service levels that can grow with Tigard, this forecast assumes services growth with the population. The current forecast for population growth in Washington County from 2016-2025 is 1.7%. Prior forecast only considered the inflationary costs of the existing set of staff and supplies/services when forecasting expenditures. In addition to those inflationary increases, this forecast allows the number of staff and the supplies and services they use to provide public services to grow with Tigard's population.

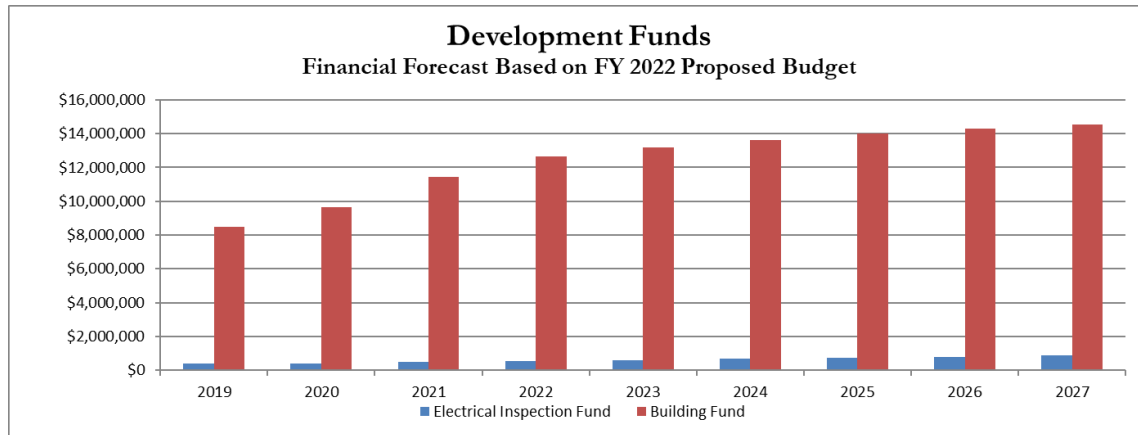
The result of the forecast show that the service reductions and other budgetary changes that have been made in FY 2019 and FY 2020 are appropriately sized to meet the financial goals set forth in the Budget Message. For a limited time, the reductions permit the remaining services to grow as the community continues to grow.

Both the Adopted FY2021 and this Adopted FY2022 budget contain project costs that are one time in nature and do not put ongoing pressure on the forecast. The result is that this Adopted FY2022 Budget has an extra year of sustainability when compared to the same forecast based on the Adopted FY 2021 budget. With the Adopted FY 2021 Budget, all undesignated, service level, and emergency reserves were exhausted after FY 2028. With the forecast based on the Adopted FY 2022 Budget that point is pushed out one full year. Now, all undesignated, service level, and emergency reserves are exhausted after FY 2029.

As discussed earlier, the Service Level Reserve is a mid-term solution to a long-term problem. Expenditures exceed revenues in FY 2024 and the Service Level Reserve is forecasted to be exhausted after FY 2027. In the interim, Tigard needs to seek a long-term solution to fund services for the community through the end of the decade and beyond. Without one, Tigard will return to a cycle of slowly degrading service levels and budget cuts. Tigard's leadership will start working on options to present to the Budget Committee during the next two years. This will provide the opportunity to be proactive in maintaining both fiscal and service level health.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

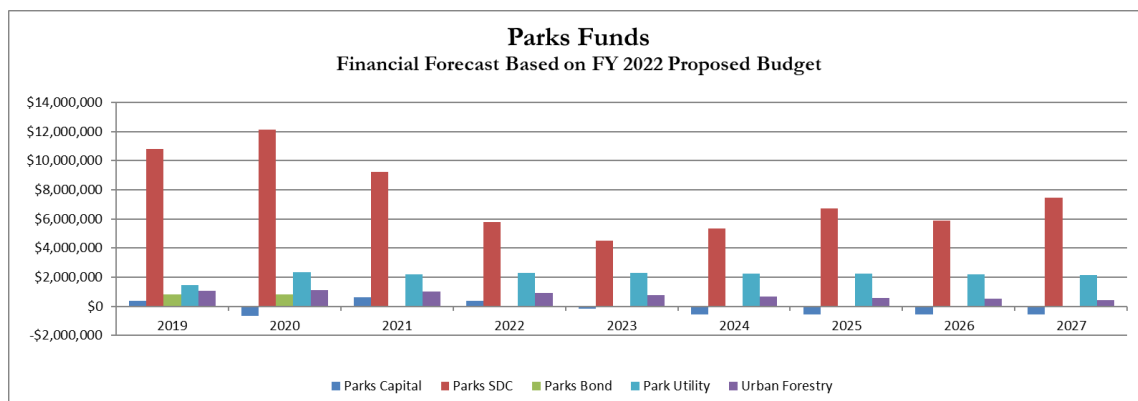
Development Funds



The projections for the city's development funds (building and electrical inspection funds) show these funds are growing. In 2008-09, building ended the year with a fund balance near zero even after laying off seven staff and reducing hours for the remaining staff in this fund. Since then, activity in the Building Division has seen some steady increases. On top of the more robust infill activity already occurring, River Terrace development is in full swing. In Building activity, based on recent discussions with developers we anticipate approximately 150-200 single-detached residential units in River Terrace annually. Other factors include smaller subdivisions and missing middle housing occurring in Tigard. The Hunziker Core project is adding 200 attached residential units. We anticipate adding 400 attached residential units in the Tigard Triangle. By early FY25, South River Terrace is in permitting, taking the place of the work in River Terrace.

Expenses of all the building inspection services are charged to the building fund. The electrical inspection fund transfers money into the building fund to pay for those costs associated with electrical inspection services. The transfer is evaluated and updated each year based upon the actual activity.

Park Funds



COMPREHENSIVE LONG TERM FINANCIAL FORECAST

The revenues in the parks funds include the system development charge (SDC), the Park and Recreation Fee in the Parks Utility Fund, urban forestry revenues, grants, and the Parks Bond that was approved by voters in November 2010. Resources from the Park SDC Fund are transferred to the Parks Capital Fund to pay the SDC portion of the capital projects. These projects have been identified in the city's Parks Master Plan.

In FY 2015-16, the city established the Park Utility Fund. The fund collects the revenue from the Park and Recreation Fee (PARF) that was established in April 2016. For FY 2020, the fee was increased to support recreation services that were cut in FY 2019 and fund maintenance of park land that has been added and developed since issuing park bonds in 2011. Additional parks came online in FY 2021. Due to COVID, the fee was not increased and the budget committee decided to fund additional staff using fund balance. During FY 2021, Council considered this issue and increased the PARF to provide long-term funding for the additional services these staff provide. The remaining resources for parks maintenance and recreation comes from a transfer from the General Fund. For FY 2022, this transfer is being increased by \$200,000 to approximately \$2.4 million. This additional \$200,000 in support is being placed in the fund Contingency and will be programmed during the year to help support Council's goal around long-term funding for city parks. As discussed in the issues impacting the forecast, the Parks Utility Fund is under pressure. The fund will need to pay for its share of the city's facilities project and priorities identified by the new Parks Master Plan. These additional costs will result in needed increases to the PARF. The existing forecast includes the cost of facilities starting in FY 2023 with a commiserate increase in PARF revenue. Without the increase in the fee, the fund would have a negative fund balance by FY 2024. The costs of implementing the Parks Master Plan is not yet known.

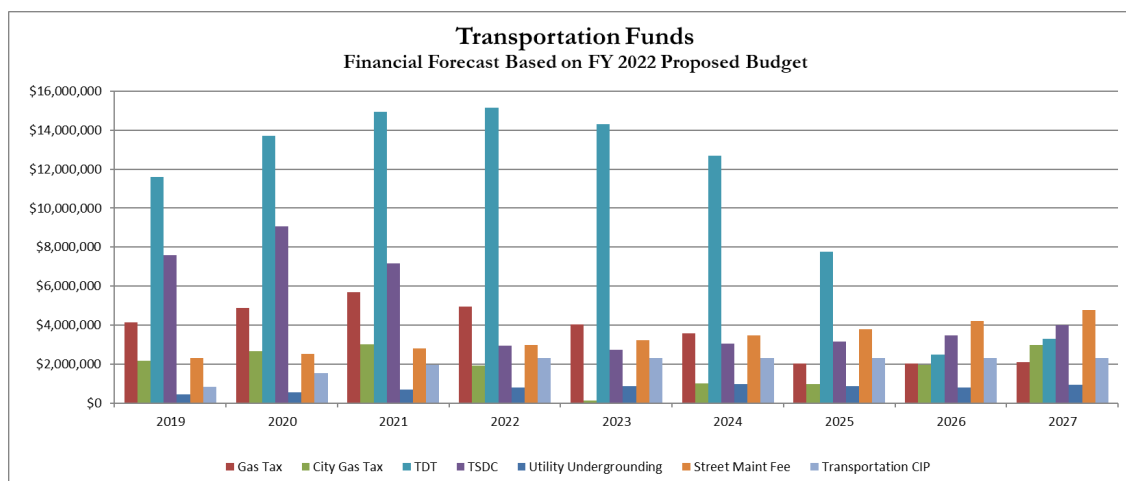
In FY 2008-09 the Urban Forestry Fund (formerly known as the Tree Replacement Fund) was established to account for revenue collected from developers in lieu of planting trees. The fund is then used to plant trees in Tigard. In FY 2010-11, a significant number of commitments from developers who failed to plant were called, increasing the fund balance over \$1 million. Since then, the resource has been used in various urban forestry projects.

In November 2010 Tigard voters approved a \$17 million Parks Bond to help the city acquire and develop additional parks, with at least 80 percent to be used to acquire land and the remaining amount to develop parks. Of the total, ten percent can be used in downtown. By the end of FY 2022, most of the parks bond will be spent on development and land acquisition.

It is worth noting that the Parks Capital Fund shows a negative fund balance starting FY 2023. This is caused by parks projects where we have identified grants from regional partners; however, the grants have yet to be awarded. In these cases, the projects do not have full funding and is causing the Parks Capital Fund to show a negative fund balance. If the grants are not awarded and other funding sources are not found, the projects will not be completed in the timeframe shown in the CIP.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Transportation Funds



The city's transportation funds include the Gas Tax, Transportation Development Tax (TDT), Tigard Transportation System Development Charge (TSDC), Street Maintenance Fee, City Gas Tax, and the Transportation CIP Fund.

There are some funding challenges. COVID 19 pandemic has resulted in less driving and, therefore, less gas being purchased, dampening the forecasted revenues in the Gas Tax Fund and the City Gas Tax Fund. Additionally, the city's facilities project has placed additional pressure on the Gas Tax Fund. Due to the reduction in available revenues the city had to alter the funding for a number of transportation projects to keep these funds from going negative.

The Gas Tax Fund was helped with a new Washington County vehicle registration fee that went into effect in FY 2019 that added \$800K to fund resources. With steadily increasing maintenance operations, street light and signal energy bills, and costs related to the city's facilities project, paying for capital projects are difficult. Second, while there is significant development in Tigard, it is difficult to know exactly how much revenue will be received in the TDT and Tigard TSDC due to credits that will be earned by developers who build needed transportation infrastructure.

The City Gas Tax Fund was established to account for revenues generated from Tigard's local gas tax. The 3-cent tax was developed by a community task force who recommended it as a way to fund improvements to the Greenburg Rd./Pacific Hwy./Main St. intersection. Repaying the debt service for this project ended in FY 2020. This fund has also helped to pay for improvements at the 72nd/Dartmouth intersection and Pacific Hwy/McDonald/Gaarde intersection. The Adopted Budget seeks funding from the City Gas Tax for a number of projects including Phase 2 of the Main Street / Green Street project, Murdoch Street Sidewalk, 79th Avenue, and the Greenburg Road / Tiedeman Avenue / North Dakota Street Study.

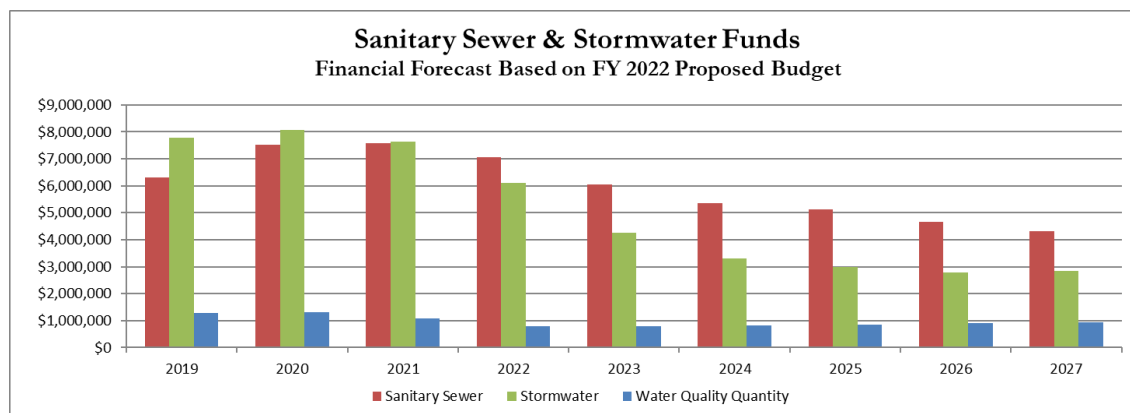
COMPREHENSIVE LONG TERM FINANCIAL FORECAST

The fees collected from the TDT and Tigard TSDC may only be used for roadway and transit capital improvements that provide additional capacity to major transportation systems, and to pay the costs of administering the program. The forecast includes only those street projects that the fund can afford. Much of the transportation infrastructure in the River Terrace area will be built by developers. The developers will receive credits for this work instead of paying the fee. Since it is difficult to project the amount of credits that will be awarded versus revenue received, these funds are not being fully utilized and a high fund balance is forecasted. As development occurs, the forecast will be revised. At the same time, Tigard is partnering with Washington County to expand Roy Rogers Road at a cost of \$900,000 annually for ten years. Additionally, Tigard's conservative approach of wait and see how much of the fees are paid versus awarded in credits has resulted in a higher fund balance than anticipated. The Adopted CIP includes a major enhancement to McDonald Street between Hall Boulevard and Pacific Highway that will be largely paid for by these reserves. This is the reason that the fund balances in these two funds is much lower by FY 2026.

The city took steps to address existing local street conditions by adopting a Street Maintenance Fee in November 2003 with updates approved in January 2010 and March 2016. This fee provides a stable source of revenue designated for use in the maintenance of existing streets. The Tigard Municipal Code requires that the fee be evaluated every five years. In January 2017, the fee was increased to address the backlog of streets that are in poor condition and increase the city's pavement condition from a measurement of about 70 to 80+ where it is most cost effective to maintain streets. The fund balance is needed, since most of the program's expenditures happen in the beginning of the fiscal year when the weather is good for construction.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Sanitary and Stormwater Funds



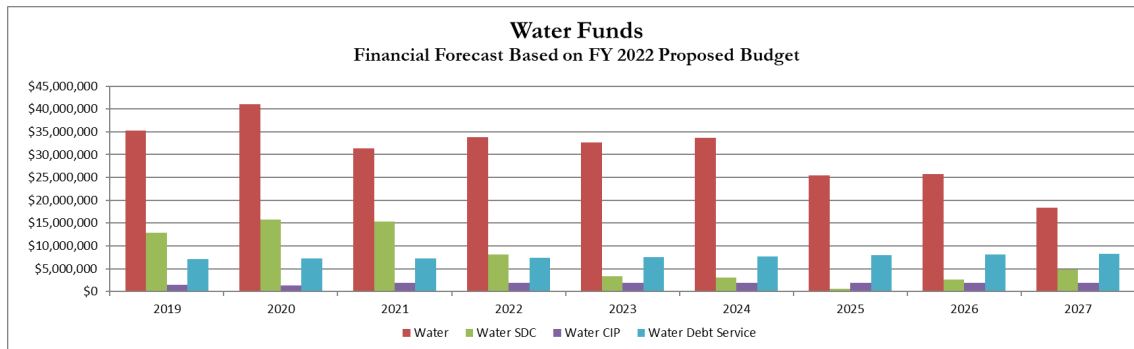
These funds support the sanitary sewer and stormwater collection and detention systems in the city. The city provides these services based upon an Intergovernmental Agreement (IGA) with Clean Water Services (CWS), which is a local service district in Washington County that provides both sanitary sewer treatment and stormwater management services. The Board of Directors of CWS sets most service charges and system development charges for both sanitary sewer and stormwater services throughout the service district.

Tigard is responsible for maintaining local sewer lines; however, sewer revenues have not kept up with increasing costs of maintaining this vital infrastructure. During FY 2017, Tigard implemented a Sewer Surcharge. Tigard was the last city in the CWS service area to implement an additional revenue. In addition, CWS and the cities revised their IGA so that sewer franchise fees will be proportionately shared; this will lead to more sewer revenue staying in the sewer fund. With an updated sewer master plan, the additional revenues being programmed for capital needs.

The stormwater fund has been stabilized. In an effort to offset little or no increases from CWS over the past few years, the city had implemented a \$2.00 per month charge to stormwater fees. This surcharge had been sufficient in the past to allow the city to maintain a sustainable cash flow position and to construct needed capital projects in future years. However, Tigard undertook a Stormwater Master Plan that updated our infrastructure needs. In January 2020, Council approved an updated monthly surcharge of \$5.50 per month that went into effect in January 2021.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Water Funds



The water funds include the Water, the Water System Development Charge (SDC), the Water Capital Improvement Plan (CIP), and Water Debt Service funds. The Water CIP Fund is reserved for a long-term water source and other water distribution system capital projects. The costs of the Water Division are funded solely by the revenues in the water fund.

The financial condition of the water funds is driven by both the needs in the capital program as well as the cost of the day-to-day operation and maintenance of the water system in the city. Over the last several years, Tigard has been implementing capital projects that secured its own water source. In August 2008 the city entered into an agreement with the city of Lake Oswego for a long-term water source. The project to upgrade Lake Oswego's water treatment plant was complete in FY17, giving Tigard 18 mgd of water capacity from the treatment plant. During FY 2021, Tigard adopted an updated Water Master Plan and is undergoing a cost of service rate study that will be adopted for FY 2022. It is not anticipated that total rate revenue will increase by more than 2-3% annually due to the updated rates.

Overall, Tigard's water funds are healthy and able to fund an aggressive next set of infrastructure projects needed to supply water to a growing community. If the cost of these projects grow, Tigard may need to issue additional debt since resources are lower in the middle years of the forecast.

COMPREHENSIVE LONG TERM FINANCIAL FORECAST

Synopsis

Overall, Tigard's financial forecast is positive. Tigard has used the forecast as a way to stay ahead of financial shortfalls. While we are resource constrained, our finances are well managed. In the interest of continuing to manage the finances of the city, the city's Six Year Financial Forecast shows that the city has some targeted service level and capital challenges.

- COVID 19 has placed pressure on several revenues and key services. Due to good financial planning, Tigard did not need to make service reductions due to the reduction in revenues. Tigard will continue to monitor the impact of COVID on the organization's finances.
- The General Fund's Service Level Reserve is providing a mid-term solution to a long-term funding problem and is able to support service level growth over the next couple years. However, without a significant increase in revenue, the service levels Tigard can afford will not be adequate to meet the demands of the community and reserves will be exhausted by FY 2029. Without major long-term change, the services that General Fund supports will significantly decline due to the inability of revenue to keep up with the cost of meeting the demand for services.
- The City Facilities Consolidation project is putting pressure on some city funds. This is primarily in the city's General Fund, Parks Utility Fund, and Gas Tax Fund. Implementation of this important priority may come with the opportunity cost that Tigard may not be able to afford other priorities in these funds.



The Tigard AID Program provides financial assistance for city fees and charges during the COVID-19 Pandemic. Our goal is to ensure every member of the community continues to have the basic services they need. We have expanded the program to include tenants of multi-family and commercial complexes within our service area. Extended aid is available until funding runs out.